NUV 18 2003

MEMORANDUM FOR JOSEPH BRIMACOMBE
DEPUTY DIRECTOR, COMPLIANCE POLICY

FROM: Maya A. Bernstein
               Privacy Advocate

SUBJECT: Automated Computational Tool Privacy Impact
               Assessment

The Office of the Privacy Advocate has reviewed the Privacy Impact Assessment (PIA) for the Automated Computational Tool (ACT). Based on the information you provided, our office does not have any privacy concerns that would preclude ACT from operating. However, a revised PIA is required when considering any future upgrades or major modifications to the system or at the scheduled recertification of this system.

We will forward a copy of the PIA to the Director, Modernization and System Security, to be included in the Certification and Accreditation package for formal acceptance for operation. If you have any questions, please contact me at 202-927-5170; or your staff may contact Priscilla Hopkins at 202-927-9758.

Attachment

cc: Director, Modernization and System Security OS:MA:M

Draft PIA Date

MEMORANDUM FOR CHARLENE W. THOMAS
ACTING PRIVACY ADVOCATE CL:PA

FROM: Gina A. Hubbard-Kent, Program Analyst, SB/SE, S:C:CP:RE:P

SUBJECT: Request for Privacy Impact Assessment (PIA) –
                         Automated Computational Tool (ACT) (aka: COTS DMI/InterestNet)

Purpose of the System: A cross functional interest and penalty computational tool that includes Net Rate interest netting. The Automated Computational Tool (ACT) is a commercial off the shelf (COTS) software program, InterestNet, developed by Decision Modeling Incorporated (DMI) and customized for the Internal Revenue Service (IRS). The InterestNet program is available to the general public where the version of the InterestNet software referred to as ACT is only available to the IRS. The program is used by all Business Operating Divisions (BOD's) and functions service wide. The ACT program will interface with the Integrated Data Retrieval System (IDRS) and/or Master File (MF) via the Legacy Access Provider (LAP) program utilizing the data (Individual Master File (IMF) and Business Master File (BMF)) secured to populate the ACT program. The secured data will populate the ACT "Update Module" screen information and will be viewed by the user via that screen. The data secured through the interface includes the account transcript information required to complete the computation of penalties and interest. The data includes the entity, posted return information, posted transactions, and the notice and history sections in general. The acquired data is utilized in conjunction with user input within the ACT module based transaction code driven interest and/or penalty computation engine to provide an interest and /or penalty computational result taking into consideration the most current module conditions.

Name of Request Contact:
        Name: Gina A. Hubbard-Kent
        Organization Name & Symbols: SB/SE Office of Penalties and Interest,
                                S:C:CP:RE:P
        Mailing Address: 4050 Alpha Rd. MS 4005 MSRO, Farmers Branch, TX 75244
        Phone Number: 972-308-1434   cell: 214-755-7408

Name of Business System Owner:
        Name: Joe Brimacombe / Doug Rogers
        Organization Name & Symbols: SB/SE Compliance Policy, S:C:CP /
                                SB/SE Office of Penalties and Interest,
                                S:C:CP:RE:P
        Mailing Address: 5000 Ellin Road, Lanham, MD 20706
        Phone Number: J. Brimacombe 202-283-2200
                       D. Rogers   202-283-2203

Requested Operational Date: November 2003

Category: (Reason PIA is required--enter "y" or "n" and applicable dates)
        New System?: ___n_____

/

Recertification? (if no change, enter date of last certification) ____y_____
Modification of existing system?:   _y_____
We are replacing some COTS software with another product
Is this a National Standard Application (NSA)?: __n____
Is this a Modernization Project or System? __n_____
If yes, the current milestone?:   _n/a__   (Enter 1-5; explain if combining milestones)

<u>System of Record Number(s) (SORN) #:</u> (coordination is required with Office of Disclosure--contact David Silverman, 202-622-3607)

Covered by Treasury/IRS 24.030 Individual CADE Master File, 24.046, Individual Business Master File, and Treasury/IRS 34.037 IRS Audit Trail and Security Records System.

Attachment: PIA

Data in the System

1. Describe the information (data elements and fields) available in the system in the following categories:
 	
    A. Taxpayer
    B. Employee
    C. Audit Trail Information (including employee log-in info)
    D. Other (Describe)
	A. Taxpayer account transcript data, IDRS and Master File data secured via Command Codes Data Management System Download (Taxpayer Information File (TIF) Sections 02, 04, 50, 52, 53, 54, 59, 60, 62 & 63) and SCAPD (Standard Corporate Files Online (CFOL) Access Protocol SCAP) CFOL Record Layouts; Request Record, Response Record, IMF & BMF Response Record, IMF & BMF Response Entity Transactions, IMF & BMF Response Status History Section, IMF & BMF Response Tax Module Transactions, Debtor Master File (DMF) Response Last Period Satisfied, BMF Response Posted Return Section).
	
	B. None
	
	C. Normal IDRS audit trail processes still run as facilitated through the security measures included in the Legacy Access Provider (LAP) command code/wrapper programming.

2. Describe/identify which data elements are obtained from files, databases, individuals, or any other sources.
 	
    A. IRS
    B. Taxpayer
    C. Employee
    D. Other Federal Agencies (List agency)
    E. State and Local Agencies (List agency)
    F. Other third party sources (Describe)
	A. A link to the IRS IDRS and Master File via LAP will retrieve account transcript data required to perform the interest and penalty computation.
	
	B. None
	
	C. The employee/user utilizes their knowledge and analysis abilities to set additional information fields with in the software in order to facilitate an accurate computation of interest and/or penalties.
	
	D. None
	
	E. None
	
	F. None

3. Is each data item required for the business purpose of the system? Explain.	Yes, only the data elements and fields (information) absolutely necessary in the determination of restricted interest and penalty adjustments are secured from IDRS and/or Master File. The data items necessary for the calculation of interest and/or penalties where identified by IRS personnel as noted in Item 1 of this document.
4. How will each data item be verified for accuracy, timeliness, and completeness?	Data is secured via the interface between ACT and IDRS and/or Master File via LAP as needed by the technician completing the computation of interest and/or penalties. Data is acquired in real time and is the most up to date information available for that account. The data obtained from IDRS and/or Master File is a direct access to data that those systems perform their own checks and systematic updates. The ACT program completes reconciliation checks with the module balance and on subsequent data requests updates the program with the latest data and completes reconciliation checks flagging any discrepancies, if present.
5. Is there another source for the data? Explain how that source is or is not used.	The only source of data is via IDRS and/or Master File. The data is either secured and the program is populated via an electronic link (ACT interface via LAP) or the same data is manually input into the ACT program by the technician utilizing a hard copy print out of the taxpayers account transcript.
6. Generally, how will data be retrieved by the user?	The data is secured via the electronic link with IDRS and/or Master File or through the technician requesting a transcript (TIF Tax Module Display or Corporate Files Online) and entering it manually into the ACT program. Once the data has been secured, the data can then be viewed within the ACT program "Update Module" screen.
7. Is the data retrievable by a personal identifier such as name, SSN, or other unique identifier?	Yes- Taxpayer Identification Number (i.e SSN/EIN) and module tax type (i.e. 1040, 1120...) and tax period (i.e. 200012)

Access to the Data

8. Who will have access to the data in the system (Users, Managers, System Administrators, Developers, Others)?	Access to the data will be limited to the user and administrators. The user can provide data as necessary in a "need to know" situation utilizing the import/export functionality of the ACT program. This functionality allows for the user to provide the interest and/or penalty computational file to another user (i.e. reviews or assistance needs, computational audit trail purposes).
9. How is access to the data by a user determined and by whom?	Access to the IDRS/Master File data is determined by workload assignment without regard to the ACT program. Access to the secured data within the ACT program (password secured/data file storage location, etc.) is limited to the user in adherence with Common Operating Environment (COE) configuration standards which requires the data files be stored under the users specific logon profile. The access to IDRS is covered by the existing security protocol procedures as the user has to have an active and valid IDRS session open when requesting data from the ACT program.
10. Do other IRS systems provide, receive, or share data in the system? If YES, list the system(s) and describe which data is shared. If NO, continue to Question 12.	Currently the only sharing of data is via the ACT interfaces with LAP to secure the account transcript data from IDRS and/or Master File. The ACT program does not receive or share data with any other systems or programs at this time ' Future enhancements sometime in the future may have interface capabilities with other programs as seen necessary for business purposes.
11. Have the IRS systems described in Item 10 received an approved Security Certification and Privacy Impact Assessment?	Yes

12. Will other agencies provide, receive, or share data in any form with this system?	The only foreseen sharing of data with other agencies would be the possible sharing of program files, via the ACT import/export functionality, to TIGTA in response to open interest and/or penalty computations audits that office is working on and request assistance in.

Administrative Controls of Data

13. What are the procedures for eliminating the data at the end of the retention period?	A retention period has not be established as the enactment of the Net Rate Interest Netting provisions in the Revenue Reconciliation Act (RRA) of 1998 set in motion the need to retain interest computations and related information for an extended period of time. The retention period could be set at 10 + years as an initial retention period position if a set determination must be made at this time, based on the statute of limitations.
14. Will this system use technology in a new way? If "YES" describe. If "NO" go to Question 15.	No
15. Will this system be used to identify or locate individuals or groups? If so, describe the business purpose for this capability.	No
16. Will this system provide the capability to monitor individuals or groups? If yes, describe the business purpose for this capability and the controls established to prevent unauthorized monitoring.	No

17. Can use of the system allow IRS to treat taxpayers, employees, or others, differently? Explain.	The goal of this system is to minimize the inconsistency of applying the tax law, policy and procedures that govern the computation of interest and penalties. This system is set with the "IRS Default" run method which ensures the consistency of computations through out the service based on the IRS policies and procedures as they relate to the computation of interest and penalties.
18. Does the system ensure "due process" by allowing affected parties to respond to any negative determination, prior to final action?	Not applicable, the ACT software is a computational tool only. It does not circumvent any normal processing policies and/or procedures. The information ACT provides is used by other processes which have more direct dealings with the taxpayer. Those processes have their own protections and rights.
19. If the system is web-based, does it use persistent cookies or other tracking devices to identify web visitors?	Not applicable